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Second Annual Study of Financial Results and Reporting Trends in the Gaming Industry

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1982 Edition

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Introduction

The troubled national economy produced mixed results for the legalized casino gaming industry in calendar year 1981.

The total gaming win of casino/hotels in the United States (in Nevada and Atlantic City) reached $3.6 billion, a 19.6 percent increase over the 1980 total of $3 billion. However, the total gaming win of Nevada casinos increased only 5.5 percent, approaching an aggregate of $2.5 billion. By contrast, the total gaming win in Atlantic City climbed 71.3 percent to $1.1 billion, compared with $642 million in 1980. This increase was produced by a combination of factors, including the opening of new casino/hotels during the year and a further maturation of the Atlantic City market.

The closing months of 1981 and the early months of 1982 indicated that although the casino gaming industry is not immune to recessions, some operations did show a resistance to the national economic downturn.

The companies reviewed in this study account for approximately 70 percent of the total legalized casino gaming revenue produced in the United States, and 100 percent of the casino revenue produced in Atlantic City.

Laventhol & Horwath forecasts that the total gaming win of all casinos in the U.S. will reach approximately $4 billion in 1982, an increase of approximately 20 percent over 1981, similar to the 1981 increase over 1980. Atlantic City casinos again will produce a major share of the growth.

During 1981, Atlantic City casino/hotels paid approximately $87 million in casino revenue taxes to the State of New Jersey and approximately $365 million in wages to some 24,000 employees. With this kind of fiscal record, it is almost inevitable that other localities in the U.S. will soon pass casino gaming initiatives. More and more Americans are beginning to accept casino gaming as a legitimate enterprise that can revitalize famous but moribund resort areas.

The statistical information in this annual study has been assembled from annual reports to shareholders, 10-Ks submitted to the Securities and Exchange Commission, publicly available reports filed with the New Jersey Casino Control Commission and information supplied by the companies listed in Table A in response to our questionnaire. Because of the limited response to our questionnaire by the Nevada casino/hotels, we are unable to provide productivity and similar types of comparisons by gaming areas. However, the corporate operating results included in this study reflect some of the problems the industry faced in 1981. Net income decreased to 6.4 percent of total revenue from 7.5 percent in 1980, with 1981 return on shareholders' equity of 14.5 percent. Gaming gross operating profit decreased to 17.3 percent of casino/hotel revenue from 18.1 percent and to 13.7 percent of identifiable gaming operation assets from 14.7 percent in 1980.

Because there is a wide difference in the way companies record costs in their consolidated earnings statements, and because some of the companies in this study derive all their revenue from casino/hotel gaming operations while others derive only a portion of revenue from such operations, direct comparisons of corporate operating results may not be meaningful. The operating results and percentages in this study are not to be considered standards for the industry, nor are they necessarily desirable goals.

Saul F. Leonard
National Partner,
Gaming Industry

Corporations included in this study

Table A	Casino Sq. Ft. (Approx.)	Fiscal Year-End	Guest Rooms	Total Guest Rooms
AITS, Inc.		3/31/81		
Hotel Riviera, Las Vegas	25,000		1,225	1,225
Bally's Park Place, Inc.		12/31/81		
Bally's Park Place, Atlantic City	60,000		512	512
Caesars World, Inc.		7/31/81		
Caesars Palace, Las Vegas	60,000		1,725	
Caesars Boardwalk Regency, Atlantic City	48,500		505	
Caesars Tahoe, Lake Tahoe	40,000		446	2,676
Dunes Hotels and Casinos Inc.		12/31/81		
Dunes Hotel and Country Club, Las Vegas	33,000		1,360	1,360
Elsinore Corporation		1/31/82		
Four Queens Hotel & Casino, Las Vegas	29,500		716[1]	
Hyatt, Lake Tahoe	12,500		433	1,149
Playboy Hotel and Casino, Atlantic City (45% interest)	52,000		500*	500
Greate Bay, Inc.		12/31/81		
Sands Hotel/Casino, Atlantic City	32,000		504	504
Golden Nugget, Inc.		12/31/81		
Golden Nugget, Las Vegas	24,000		579	
Golden Nugget, Atlantic City	41,000		504	1,083
Hilton Hotels Corp.		12/31/81		
Las Vegas Hilton, Las Vegas	34,000		3,174[5]	
Flamingo Hilton, Las Vegas	24,000		1,756	4,930
Hilton, Reno	58,000		593[3]	593
Holiday Inns, Inc.		1/2/82		
Harrah's, Reno	126,200		565[4]	
Harrah's, Lake Tahoe			540	
Harrah's Marina, Atlantic City	44,000		506	1,611
Riverboat Casino, Las Vegas (40% interest)	31,000			

Table A (*continued*)

	Casino Sq. Ft. (Approx.)	Fiscal Year-End	Guest Rooms	Total Guest Rooms
MGM Grand Hotels, Inc.		8/31/81		
MGM Grand, Las Vegas	60,000		2,076	
MGM Grand, Reno	100,000		2,000[2]	4,076
Ramada Inns, Inc.		12/31/81		
Tropicana Hotel & Country Club, Las Vegas	34,000		1,150	
Tropicana, Atlantic City	46,000		521*	1,671
Resorts International, Inc.		1/3/82		
Resorts International Hotel Casino, Atlantic City	60,000		725	
Paradise Island Casino, Nassau, Bahamas	22,000			
Britannia Beach and Ocean Club, Nassau, Bahamas			321	1,046
Paradise Island Hotel, Nassau, Bahamas			500	500[6]
El Casino, Freeport, Bahamas	17,000			
Scott Corp.		12/31/81		
Union Plaza, Las Vegas	31,000		504	
Mizpah Hotel and Casino, Tonopah, Nevada	N/A		56	560
Showboat, Inc.		6/30/81		
Showboat, Las Vegas	36,000		495	495
Del E. Webb Corporation		12/31/81		
Sahara Hotel, Las Vegas	26,000		932	
Mint Hotel, Las Vegas	40,000		300	
Sahara Tahoe, Lake Tahoe	22,000		540	
Sahara Reno, Reno	58,000		593[3]	
Southpoint Nevada Club, Southpoint	18,000		26	2,391
Claridge Hotel and Casino, Atlantic City (50% interest)	30,000		505*	505

N/A-Not available.
*Open partial year.
[1]Includes 400 rooms completed in September 1981.
[2]Includes 986 rooms completed in July 1981.
[3]Sold to Hilton Corp. December 29, 1981.
[4]Includes 240 rooms completed in July 1981.
[5]Includes 391 rooms completed in December 1981.
[6]Hotel lease acquired in January 1982.

The casino industry— an overview

To provide a forum for different points of view regarding the current and future course of the casino gaming industry, Laventhol & Horwath invited comments from the chief executives of the companies reviewed in this study, as well as from financial analysts of investment banking firms that specialize in this sector of the leisure time industry.

"Gaming companies must individualize themselves through marketing."

The gaming industry is experiencing a process of maturation and differentiation. Evidence of this is found most clearly in the financial community, with its growing acceptance of us as individual member companies. Our industry now comprises a growing number of sophisticated corporate competitors, and it follows that financial institutions view the total industry with increasing favor.

Marketing is continuing to make an important contribution to the industry's growth and maturity. But it is here that the need for gaming companies to distinguish themselves individually is greatest. Instead of generalized marketing strategies, each separate and geographically different gaming operation needs to define the image it wants to have and determine the methods that best communicate it.

Improvements in the political climate have a significant influence on our industry. The gaming structure in Nevada has strengthened its position in recent years. In New Jersey, the new administration has expressed a desire to stimulate the development of business in the state. The state government supports the concept that making a profit is good—it's good for commerce, it's good for an employed citizenry, and it adds to the enrichment of the state as a whole. As a result of that stance, our board of directors has approved the commitment of substantial funding and a long-range plan designed to expand and diversify our New Jersey operations.

I remain most confident about our industry's growth. I believe that with continued maturity will come increased acceptance, with increased acceptance will come the greater opportunity for differentiation, and with these expanded horizons will come growth.

J. Terrence Lanni,
President
Caesars World, Inc.

"The negative forces affecting Nevada should dissipate as 1982 wears on."

Recessionary forces had a negative impact on the gaming industry in Nevada in the first quarter of 1982. Occupancy rates at some of the leading hotels in Las Vegas were down as much as 5 percent year-to-year as a result of the decline in real disposable income, a decrease in convention business and the high relative cost of a Las Vegas vacation. The decline in occupancy rates in northern Nevada and Lake Tahoe during early 1982 was less severe (this market was weak in 1981 as a result of the opening of new casinos) and was concentrated in the motel area, with occupancy rates at the first-class hotels in Reno up slightly.

The negative forces affecting Nevada gaming should dissipate as 1982 wears on. First, real disposable income should begin to increase in the second half of 1982, stimulated by a general economic recovery, the Reagan Administration's tax cuts and a lower rate of inflation. Second, gasoline and other travel costs should continue to decline.

Room rate increases at the casinos generally have been keeping pace with the inflation rate

and should decline from double to single digit during the next year. Occupancy rates, however, can be expected to increase as much as four to five percentage points as the economy recovers, allowing for a substantial swing in operating income during the second half of 1982 and during 1983. In addition, walk-in casino traffic is likely to increase susbstantially, along with a general pickup in tourism. Overhead cuts being made by the major Las Vegas casinos also should increase profitability.

The Atlantic City gaming market has been the stellar performer of the current recession, with win numbers and profits generally growing in the first three months of 1982. Profit margins at the Atlantic City casinos are improving as a result of overhead reduction programs and an easier regulatory environment. A major factor contributing to the current vitality of the Atlantic City market is the fact that its immediate customer base lies within a 350 mile radius (a one-day trip) of Atlantic City compared with 600 to 700 miles for Las Vegas.

Theodore W. Anderson
Senior Vice President
Argus Research

"The casino gaming industry will get even stronger as the recession recedes."

After a year like 1981, it may be difficult for executives to be optimistic about the future. Despite temporary setbacks, I am confident that as the recession recedes, the casino/hotel industry will once again emerge as a major area of growth in America's fabulous leisure time field.

Examining the results of 1981, the casino/hotel industry actually has very little to cry about compared with the automobile, airline, steel and other major industries. In Las Vegas, the total number of visitors declined only 1 percent—11.8 million in 1981 compared with 11.9 million in 1980. Airline passenger traffic into Las Vegas declined about 6 percent.

Las Vegas is one of the most exciting resort towns in the world, and I am confident that as the nation recovers from its mental as well as economic depression, this city and the Tahoe area will surge to even greater heights of prosperity. But to attract the younger generation of vacationers, the marketing brains of our industry will have to invent even more attractive "mousetraps."

As for Atlantic City, I am equally bullish. What happened in that city in 1981 and throughout the spring of 1982, with constantly increasing numbers of visitors, proves the potential of casino gaming as a healthy public recreation. The city has only begun to tap the potential of the vast East Coast market.

Joseph J. Amoroso
President
Elsinore Corporation

"Major differences in companies' managements affect growth potential."

The gaming industry cannot be observed from a financial point of view as a monolith. There are too many differences between managements and financial abilities. In my view, there are three groups of gaming operations. First are those with disabilities so large that they cannot prosper, at least until they have put their basic disabilities behind them. Second are the operations that are well managed but so heavily leveraged that their hands are virtually tied. The third group is not only well managed, but has the cash flow available for expansion. It's this latter group that I follow most closely.

As for the national economy, which does affect the gaming business, we do not see recovery coming until late 1982 or early 1983. The projected Federal budget deficit of $100 million plus will not inspire confidence in moneylenders.

Regarding future growth, it is essential to differentiate between Nevada and Atlantic City. Las Vegas has suffered a major downturn in convention business because of the recession, and it might well be that the growth Las Vegas traditionally has experienced is over forever.

The only event that might precipitate another "gold rush" in gaming, akin to that of 1978, would be legalization of gaming in a new jurisdiction. If Mayor Koch of New York is elected Governor, the state might have a viable shot at casino gaming. But of course the whole issue of gaming in the Empire State is very questionable.

Daniel R. Lee
Financial Analyst
Drexel Burnham Lambert Inc.

"Atlantic City earnings look up for the rest of 1982; casino win may shortly surpass that of Las Vegas."

We feel very optimistic about Atlantic City's future because we have finally weathered the tremendous competition generated during a four-year period in which the number of casinos

increased from one to nine. We are now going to have two years with no additions.

Within a few years, Atlantic City could surpass Las Vegas in terms of total casino win. The Atlantic City casino win for 1982 will be approximately $1.5 billion or $1.6 billion and total casino/hotel revenue should exceed $2 billion.

We still need help from the New Jersey Legislature and the regulatory authorities to ease some cumbersome, unnecessary regulations in business areas, but we are very optimistic that will occur.

We believe that legalized gaming will expand to other states within the next five years. Many states have proposed legislation, but we doubt that any of those will adopt gaming this year. However, the trend is there and when other states look at the jobs that have been created and the tax revenue generated by the Atlantic City casino industry, there will be considerable interest in gaming in other areas. The fact that last year nine Atlantic City casinos paid more than $360 million to the four levels of government and $480 million in wages and benefits to 28,000 employees is very impressive.

The industry's after-tax profit of $23 million is not so impressive. However, starting in April 1982, we can see a definite turnaround in industry profitability, with the second and third quarters expected to show significant increases over last year.

H. Steven Norton
Executive Vice President
Resorts International, Inc.

"The Atlantic City market looks strong enough to accommodate new capacity."

We were particularly impressed by the year-to-year December increase in gaming win in Atlantic City, up $37 million or nearly the same dollar gain as in November. Further, the month-to-month win increase in December was 77 percent compared with an increase of only 63 percent in December 1980. This shows that the market grew enough to accommodate the capacity added by the four new casinos that opened in Atlantic City during 1981, as well as some growth over and above this capacity.

Casino space in Atlantic City now totals about 415,000 square feet, up 45 percent from 286,000 square feet a year ago. On that basis, the average win per casino grew about 18 percent year-to-year in December 1981. Given comparable conditions, the Atlantic City casino win in 1982 could increase more than 30 percent. As the weather begins to improve, gamers will flock to Atlantic City, resulting in record wins and rising profits for the better-run companies.

Lee S. Isgur
First Vice President
Paine Webber Mitchell Hutchins, Inc.

"In the long run, Las Vegas will benefit from Atlantic City's converts to gaming."

Casino gaming is a viable industry and should be legalized in other states. However, because of the nature of the industry and its political implications, I doubt very seriously whether any other states will legalize it in the foreseeable future. As a result, Nevada and Atlantic City will remain the only areas in the continental U.S. with legalized gaming for a number of years.

The future of Las Vegas is secure. It will remain the capital of the gaming industry for this generation, continuing to grow and develop. Although it will lose some business to Atlantic City, on balance Las Vegas will be ahead since it will benefit from the new converts to casino gaming that Atlantic City will create.

Atlantic City, because of its proximity to a large population, is assured of a good position in the casino gaming industry. However, for the near future, Atlantic City cannot compete on a large scale for the clientele that partronizes Las Vegas. It can operate successfully in its present environment and eventually will develop further as additional rooms are built and it becomes more attractive for conventions and for people to stay longer than a day's visit.

Politically, Las Vegas is secure. Nothing can ever happen in Nevada to hamper or interfere with legal gaming or to create unusual hardships for casinos. However, there is some danger that New Jersey may play politics with the industry, imposing restrictions that would limit the profits on gaming sites. Competition in Atlantic City will be less pronounced than in Nevada because the cost of going into business in Atlantic City is in excess of $100 million, while in Nevada it generally is only a fraction of that amount.

The popularity of specific games is shifting. The action on dice is diminishing, while blackjack, slot machines and baccarat are on the increase. On the whole, the future is bright and will remain so even if other areas legalize casino gaming. There is almost no end to the number of casino customers. Although the number of high rollers in the U.S. is limited, it appears that Las

Vegas will continue to attract substantial business from various parts of the world.

Morris Shenker
Chairman of the Board
Dunes Hotels and Casinos Inc.

"Specialty gaming devices may ease labor costs and boost profits in Las Vegas."

During 1982, there were several important, positive developments in the gaming industry, especially in Atlantic City. For one, stringent requirements regarding entertainment and security staffing were eased, reducing full-time payrolls, particularly in off-season periods. Even more important from the industry perspective was the abolition of the early surrender option in blackjack. This should help Atlantic City casinos improve their win rates enough to show higher total profits. (On the other hand, it might cause veteran blackjack players to take their business back to similarly hospitable tables in Nevada.)

Last year there were an estimated 19.1 million visitors to the New Jersey resort, compared with 11.8 million to Las Vegas. The Atlantic City count rose 38 percent, while the Las Vegas figure declined 1 percent, although the average stay in Las Vegas is four nights compared with 1.3 in Atlantic City.

Atlantic City growth forecasts for 1982 range from 15 percent to 30 percent. Our forecast is toward the lower end of the range, in the neighborhood of 20 percent at best.

Nevada will be fortunate to eke out a 7 percent gain, in view of the end of free-spending conventioneers from the automobile, construction and other industries. Las Vegas may also face a long-run growth problem as casinos become more dependent on gaming devices rather than table games and live entertainment. Over the short run, conversion from costly entertainment and labor-intensive games to specialty gaming devices makes good economic sense. However, this may cost Las Vegas some of its competitive advantage and excitement in the long run.

For the gaming industry, the only positive aspect of the nation's high-interest rate environment is that plans for new casino/hotels have been canceled or deferred in both Nevada and Atlantic City. When business does improve, existing operations will not have to face an abundance of new competitors. Also, assuming no further deterioration of revenue growth rates, the industry's great ability to generate cash should result in continued improvement of balance sheets, making gaming companies relatively attractive as investments at a time of decreasing cash liquidity in many other industries.

Gaming company profitability should be noticeably increased by the second half of 1982, but it is not probable that operators will sustain above average price/earnings multiples.

Harold Vogel, C. F. A.
Vice President/Research Division
Merrill Lynch

"For the near term, growth in Atlantic City and Nevada will be slow. Expansion to other jurisdictions depends on Atlantic City's success."

For the balance of 1982 and the first half of 1983, I believe that the casino gaming industry in New Jersey (composed of the nine existing casino/hotels) will be able to sustain a level of growth that is directly dependent on the aggressiveness with which each property addresses itself to its marketing assignments. I would hasten to add that in the highly competitive Atlantic City market, cost control will continue to be the challenge despite a certain degree of anticipated growth in revenue. I do not believe that this growth will necessarily trickle down to the bottom line of each property proportionately.

With regard to the Las Vegas and Nevada markets, I believe that the situation is much the same as it is in virtually every other destination resort in America. National economic conditions are causing fairly severe problems. I expect that in the next 12 months those problems will continue to exist. However, I believe that the Las Vegas market will rebound more quickly than the rest of the country once the recovery has *clearly* begun.

Legalization of gaming in other jurisdictions, such as Massachusetts, New York, Connecticut and Florida, will be promoted to the extent that Atlantic City is a model of success. I believe that the Atlantic City "experiment" so far has been inconclusive in this regard. Of those jurisdictions most likely to react the soonest, I would place New York clearly at the top of the list. The role of New York City's Mayor Koch in this continuing saga, should he be elected Governor, will be critical. If Mayor Koch, once elected, holds the conviction that legalized gaming will help his state, he will be one of the few political leaders on the scene today who has the courage and independence to take a leadership role in the legislative process.

Stephen A. Wynn
Chairman of the Board
Golden Nugget, Inc.

Consolidated corporate operating results

Table B
Consolidated Corporate Operating Results
($000 omitted)

	Total Revenue*		Income From Operations**			
					Percent Total Revenue	
	1981	1980	1981	1980	1981	1980
AITS, Inc.	$ 88,587	$ 75,786	$ (346)	$ 4,434	***	5.9
Bally's Park Place, Inc.	214,121	208,401	12,306	6,649	5.7	3.2
Caesars World, Inc.	625,601	518,752	68,581	65,332	11.0	12.6
Dunes Hotels and Casinos Inc.	134,181	117,857	10,478	2,856	7.8	2.4
Elsinore Corporation	63,014[2]	60,639	2,425[1,3]	9,052	3.8	14.9
Greate Bay, Inc.	107,532	33,552	(5,906)	(15,449)	***	***
Golden Nugget, Inc.	239,002	55,884	49,422	8,685[3]	20.7	15.5
Hilton Hotels Corp.	612,704[2,6]	575,593[2]	158,361[1]	156,523[1]	25.8	27.2
Holiday Inns, Inc.	1,765,110	1,533,758	196,226	166,577	11.1	10.9
MGM Grand Hotels, Inc.	232,566[4]	307,122	48,649	62,861	20.9	20.5
Ramada Inns, Inc.	415,870[2]	376,370[2]	(14,817)[1,3]	24,403[1]	***	6.5
Resorts International, Inc.	355,108	374,951	23,050	75,746	6.5	20.2
Scott Corp.	52,967	51,661	6,983	7,661	13.2	14.8
Showboat, Inc.	38,902	32,591	10,223	8,755	26.3	26.3
Del E. Webb Corporation	414,751[2]	405,497[2]	3,685[1]	(8,727)[1]	3.3	***

*Represents revenue after deductions for promotional allowances.
**Represents income before income taxes, discontinued operations and extraordinary items.
***Not applicable; loss for the year.
[1]Before equity in earnings of joint ventures or other nonconsolidated operating entities.
[2]Excludes revenue of joint ventures and/or entities recorded on equity basis.
[3]Before write-off of Atlantic City preopening expenses.

The information in Table B was obtained from the companies' annual reports. However, the manner in which revenue was reported by individual companies varied considerably in the consolidated statements of income.

Several of the companies reported the results of certain operations on the equity basis. In accordance with generally accepted accounting principles, the revenue for such operations is not included in total revenue.

Because some of the companies have diversified operations, it was necessary to segregate gaming operations revenue for further comparison. In this context, gaming operations revenue includes revenue of the entire casino/hotel operation, net of complimentary rooms, food and beverages (promotional allowances).

Because of such diversity, the variety of factors that enter into a company's operating results and the significant year-to-year change in operations for some of the companies, comparison of operating results and percentage relationships between companies or years is not always relevant.

For the companies included in the 1981 study, total revenue increased 13.4 percent and casino/hotel revenue increased 22.2 percent. Casino/hotel revenue was 56.6 percent of total revenue in 1981, compared with 52.5 percent in 1980. Income from operations of all the companies was 10.6 percent of total revenue in 1981, compared with 12.2 percent in 1980. Net income was 6.4 percent in 1981, compared with 7.5 percent in 1980.

Net Income				Casino/Hotel Revenue*			
		Percent Total Revenue				Percent Total Revenue	
1981	1980	1981	1980	1981	1980	1981	1980
$ (207)	$ 4,501	***	.9	$ 88,587	$ 75,786	100.0	100.0
4,506	2,549	2.1	1.2	214,121	208,309	100.0	100.0
35,045	33,831	5.6	6.5	558,821	441,793	89.3	85.2
5,057	1,440	3.8	1.2	119,080	100,859	88.7	85.6
(2,354)[5]	5,009	***	8.2	55,312[2]	53,261	91.7	87.8
(5,906)	(15,449)	***	***	107,532	33,552	100.0	100.0
31,318	(2,586)[5]	13.1	***	230,325	52,047	96.4	93.1
112,623	106,132	18.4	18.4	269,147[6]	251,622	43.9	43.7
137,358	108,275	7.8	7.1	388,148	201,141	22.0	13.1
29,002	33,947	12.5	11.1	232,566[4]	307,122	100.0	100.0
(30,482)[5]	17,515	***	4.7	99,703	75,457	24.0	20.0
13,150	45,246	3.7	12.1	330,676	342,548	93.1	91.4
3,608	4,749	6.8	9.2	52,967	51,661	100.0	100.0
5,799	4,901	14.9	15.0	38,902	32,591	100.0	100.0
5,319	4,051	1.3	1.0	247,100[2]	254,300	59.6	62.7

[4]Includes $62.8 million business interruption insurance recovery; Grand-Las Vegas in operation partial year in 1981.

[5]After write-off of Atlantic City preopening expenses.

[6]Includes $14.1 million business interruption insurance recovery; Las Vegas Hilton in operation partial year in 1981.

Comments on operating results from letters to shareholders

Bally's Park Place, Inc.

"In its second full year of operation, Bally's Park Place Casino Hotel successfully met new competitive challenges and proved its potential for long-term success..."

"...Innovative marketing programs also played a major role in our success. During the past year, we took several steps to increase the number of repeat visits by patrons and to expand our market base...In August, we initiated our Air Express program [offering] discounted seats...to and from Boston and Washington, D. C. In the early months of 1982, this program was expanded...to Chicago, Detroit and Atlanta....[This] program supplements our successful casino air charter service..."

"...Our bus transporation programs are aimed primarily at the 53 million people who live within 300 miles of Atlantic City and who typically visit...for one day or less..."

"...Because the majority of one-day visitors primarily play slot machines, we developed several new marketing programs to encourage visitors to play our coin-operated gaming equipment... With $88.6 million in revenues for 1981, our slot machine operations continue to lead all other casinos in Atlantic City...."

"...Substantially all our [operating] facilities...are supported by sophisticated computerized management information and control systems...."

Caesars World, Inc.

"Caesars World, Inc., had its finest year ever in fiscal 1981. Revenues were...up 21 percent over fiscal 1980. Earnings were [up]...4 percent over the prior year....Over the past five years, Caesars World, Inc., has had an annual compound growth rate in revenues of 37.2 percent..."

"...Internationally televised events from Caesars resorts have given us recognized expertise in staging major entertainment spectacles....An important part of our future growth at Caesars World lies in the packaging of television entertainment programs...."

"...We are pleased, in this our third year of operation in Atlantic City, that we have continued to contribute to the rejuvenation of this once-glamorous East Coast resort. The hotel/casino industry provides an average of 30,000 jobs in Atlantic County and has paid over $169.4 million to the State in casino taxes....Total employment in the service industry in 1978, before the opening of the first casino, was only 4,400..."

Dunes Hotels and Casinos Inc.

"...Marketing strategies inaugurated in 1979 have proven their value as evidenced by the record setting earnings for 1981. The profit potential depicted in your stockholders' report underscores the wisdom of our marketing...."

"...We shall continue to explore additional markets and to employ the strategies which have proven so successful in 1981. That, coupled with the anticipated completion of our newest expansion in about August of this year, shall bring us further substantial improvements in earnings...."

"...The momentum continues and carried over into the first quarter of 1982 as earnings for that quarter set a record...."

"...We are forging ahead with our formula for success. In the months and years to come, we

will practice our formula...refine it...and do everything possible to nurture it to continued prosperity and leadership in the burgeoning resort world of the 1980s...."

Elsinore Corporation

"...The fiscal year...was marked by the successful completion of two major projects: the opening of the new Playboy Hotel & Casino in Atlantic City and completion of the expansion and remodeling of the Four Queens Hotel & Casino in Las Vegas. These projects strengthened Elsinore's position in the dynamic gaming industry and created new projects for future growth. However, the cost associated with launching these capital programs, together with the write-down of certain investments...resulted in the first loss in the company's history..."

"...From an operating standpoint, the company's performance was adversely affected by the disruption related to the Four Queens expansion project and the impact of the recession on hotel/casino operations in Las Vegas...."

"...The results for the past year also reflected a decision by management to write off the preopening costs associated with opening the Playboy Hotel & Casino, rather than amortizing them over a five-year period...."

"...We believe the elements are now in place to fully develop Elsinore's potential in the rapidly growing gaming industry...."

Golden Nugget, Inc.

"...The financial press has written a good deal about the performance of the gaming industry in Atlantic City, New Jersey in 1981. In particular, there has been quite a bit of publicity abut our new hotel on the Boardwalk and its immediate profitability. I am sure that our stockholders share management's understandable satisfaction with such a promising beginning...."

"...In Las Vegas, 1981 was a year of progressively declining revenues as the harsh effects of a deepening recession spread through all sectors of the economy. We were comparatively fortunate to finish the year with approximately the same profit as the year before...."

"...As a result of a few aggressive and timely decisions in the area of corporate finance, we have galvanized our balance sheet at what appears to be an opportune moment. During a season of what will most likely be a prolonged liquidity and revenue difficulty for the nation's business, including the gaming industry, Golden Nugget, Inc., has a formidable cash position on the order of $140 million. We are also virtually free of short-term debt. We are well positioned to capitalize on any unusually attractive opportunities that might arise...."

"...We are today a much different company than the Golden Nugget of the past...."

Hilton Hotels Corp.

"...[Hilton's earnings] records were accomplished under very difficult operating conditions. Our hotels primarily serve the convention, meetings and business travel markets, and their occupancy is traditionally sensitive to economic cycles. This effect was evident in 1981 when occupancy in Hilton's properties owned 50 percent or more declined by four percentage points to 67 percent...Occupancy in our Las Vegas hotel/casinos was 81 percent in both 1980 and 1981...."

"...Hilton has significantly balanced its property portfolio and income sources over the last several years to lessen the effects of economic downturns. However, we are not completely immune to the type of lingering business recession the nation has experienced since late 1980 and that continues... in early 1982...."

"...Income from Hilton's Las Vegas operations declined only 1 percent in 1981. However, the year was a difficult one for the Las Vegas market in general and the Las Vegas Hilton in particular...."

"...[This hotel] and its guests were victimized by arson on February 10, 1981, barely three months after a fire forced the temporary closure of another major hotel in Las Vegas. Throughout much of the spring, more than 3,000 of the city's first-class rooms were out of service for refurbishment...As the rooms came back onstream, recession was taking hold and the city experienced a temporary oversupply of luxury accommodations...."

"...The Flamingo Hilton...belied the city's softness in 1981. It maintained its traditionally high occupancy at 91 percent, which was 10 points higher than the average of all hotels in Las Vegas...[and] produced a 46 percent operating profit before fixed charges, perhaps the highest operating margin in Nevada....At the Flamingo Hilton...[a] 500-room tower addition is scheduled to open this summer, giving [it] a total of 2,256 rooms. A 10,000 square-foot expansion of the hotel's casino [is] scheduled for a December 1981 opening...."

Holiday Inns, Inc.

"...The long-range planning that led to our entry into the casino gaming business paid off handsomely, with our Gaming Group contributing more than 60 percent of 1981's operating earnings improvement of $52.7 million over 1980..."

"...In reviewing the five years ending with 1981, the fruits of our long-range planning can also be seen. During this period, operating earnings from continuing operations grew at a compound annual rate of 26.5 percent. Earnings per share from continuing operations increased at a 27.9 percent compound annual rate. ROE improved from 8.6 percent in 1976 to 18.5 percent. Operating earnings from hospitality-based groups rose from 66.6 percent to 80.4 percent of total earnings, continuing our strategic focus on growing the world's leading hospitality company...."

"...We completed a significant construction program in our Gaming Group, adding 240 rooms to Harrah's Reno property..."

"...We are now well positioned for significant growth in the casino business. We have submitted a plan [to] expand the facilities at Harrah's Marina Hotel/Casino in Atlantic City...."

MGM Grand Hotels, Inc.

"...We began the year with great expectations and the most ambitious expansion program in our history. The tragic fire at the Grand-Las Vegas on November 21, 1980, obviously necessitated a redirection of our plans...."

"...After only eight months...the Grand-Las Vegas reopened on July 30, 1981. The feat of rebuilding the casino and refurbishing virtually the entire hotel in this short period is unprecedented in construction circles..."

"...Net income was adversely affected by heavy promotional expenses related to reopening of the Grand-Las Vegas and the loss of convention bookings due to the uncertainty of a reopening date...."

"...In Las Vegas, the new tower will be opened by year-end. The 760 additional guest rooms will bring the total number of rooms...to over 2,800. There will be 30,000 square feet of additional convention facilities in the new tower, giving us one of the largest convention facilities in Las Vegas...."

"...The opening of 986 additional rooms at the Grand-Reno in July 1981 increased our guest room total in that hotel by 50 percent to over 2,000 rooms, making it the largest hotel/casino in the Reno-Lake Tahoe area...."

"...We have been and are continuing to pursue the legalization of casino gaming in Massachusetts. During the year, we completed the acquisition of land in Hull...and have now assembled a 64-acre site which we believe would be an ideal location for a resort hotel/casino. We remain optimistic for the future of legalized gaming in Massachusetts because its legalization merely requires a statutory change and a constitutional amendment is unnecessary...."

Ramada Inns, Inc.

"...1981...was a trying year for Ramada. Converting the company so rapidly from one whose product mix had low-growth prospects to one whose upgraded mix promises better growth potential has been very costly, requiring substantial capital outlays financed largely by debt...."

"...Much of this debt is associated with the construction of our Atlantic City Tropicana...Construction delays and cost overruns on that project during the year significantly increased our cost of entry into Atlantic City. It is a far steeper cost than we originally anticipated and it has, for the interim, weakened the financial condition of the company..."

"...Our present cash position is tight. Our interest burden is heavy...our access to capital markets under present circumstances is limited...While imposing, these conditions are surmountable..."

"...We began to make financial repairs in September [1981]. At that time we announced a series of one-time actions that resulted in Ramada's reporting a loss..."

"...The pretax provision of $26 million for costs related to the opening of our...Tropicana. Formerly, most of these costs were to be capitalized and amortized over three years. The treatment as a current expense in 1981 improves operating results by approximately $7 million at the Atlantic City Tropicana in 1982 and each of the next two years..."

"...In the midst of a soft Las Vegas market by all historical comparisons, revenues at the Tropicana, as well as casino gaming win, were up 11 percent in 1981. Year-to-year, our operating profit declined...due to increased marketing costs...and a fourth-quarter loss as the city suffered weak conditions generally..."

Resorts International, Inc.

"...In Atlantic City, casino win has declined and operating costs have increased from levels realized in prior years, principally as a result of competition from other casinos. Atlantic City casinos have grown in number from three at the end of 1979, to six at the end of 1980, to nine at the end of 1981. This dramatic expansion has occurred during a relatively short period of time since Resorts opened the first casino in May 1978..."

"...To help maintain our market position, the company is launching an aggressive and innovative marketing and promotional campaign, including the inauguration of daily flights from New York City's LaGuardia Airport to Atlantic City for our premium patrons. In addition, in an effort to expand beyond what is considered the prime 300 mile market radius of Atlantic City, the company has begun its flights to and from more distant cities, such as Detroit, Chicago, Atlanta, Mobile and St. Louis, to name a few, and also opened regional offices at these locations to attract the premium casino patron..."

"...Resorts International is also implementing marketing programs to attract patrons from the overseas market, both in Europe and Asia..."

"...Although these are expensive undertakings, they have proven to be initially successful. We firmly believe that these ventures are the seeds for future profits..."

Scott Corp.

"This past year can best be characterized as a new beginning for your company...Major steps necessary to insure the continued growth and expansion of the company were completed in 1981...."

"...In July, the company's agreement with subsidiaries of Union Pacific Corporation was finalized and Union Pacific came on board as an active participant in our operations...."

"...After securing approximately $40 million in financing, your company embarked upon the most ambitious expansion program in its history. The construction currently underway will more than double the size of the Union Plaza facility...."

Showboat, Inc.

"This past year gave us the opportunity to prove once again that the Showboat is resilient and one of the leaders in the gaming resort industry...."

"...In fiscal 1981, net income rose...18.3 percent while revenues advanced...19.7 percent...."

"...Throughout the past year the Showboat increased utilization of its special events arena, which has become known as the Showboat Sports Pavilion because of its regular boxing and wrestling events. The various groups attracted to the Sports Pavilion have added to the existing Showboat clientele..."

Del E. Webb Corporation

"1981 was a year of managing both challenge and change. It was a year marked by the emergence of the new Del E. Webb Corporation...."

"...While we reported operating losses, which increased from $8.5 million in 1980 to $14 million last year due to increased interest expense, the losses were less than anticipated due to positive actions taken in our turnaround program..."

"...The most positive news is the fact our turnaround efforts are beginning to pay off. As we have previously reported, it will take two years to get Del E. Webb Corporation back on a profitable growth track and we're at the halfway point..."

"...The initial steps of corporate reorganization were accomplished. Restructuring included adding new management, promoting from within, tightening internal controls and cash management, streamlining operations and reducing personnel..."

Gross operating profits of gaming operations

Table C
Gross Operating Profit of Gaming Operations
($000 omitted)

	(a) Casino Revenue		(b) (a) as Percentage of (e)		(c) Hotel and Other Revenue*	
	1981	1980	1981	1980	1981	1980
AITS, Inc.	$ 52,913	$ 44,652	59.7	58.9	$ 35,674	$ 31,134
Bally's Park Place, Inc.	187,231	181,489	87.4	87.1	26,890	26,820
Caesars World, Inc.	433,809	346,561	77.6	78.4	125,012	95,232
Dunes Hotels and Casinos Inc.	90,964	68,888	76.4	68.3	28,116	31,971
Elsinore Corporation[1]	37,278	37,069	67.4	69.6	18,034	16,192
Greate Bay, Inc.	91,614	27,278	85.2	81.3	15,918	6,274
Golden Nugget, Inc.	190,502	37,904	82.7	72.8	39,823	14,143
Hilton Hotels Corp.	145,054	141,095	53.9	56.1	124,093[2]	110,527
Holiday Inns, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
MGM Grand Hotels, Inc.	86,873	161,161	37.4	52.5	145,693[2]	145,961
Ramada Inns, Inc.	65,600	49,000	65.8	64.9	34,103	26,457
Resorts International, Inc.	249,723	265,630	75.5	77.5	80,953	76,918
Scott Corp.	37,136	36,019	70.1	69.7	15,831	15,642
Showboat, Inc.	25,729	21,078	66.1	64.7	13,173	11,513
Del E. Webb Corporation[1]	169,400	173,400	68.6	68.2	77,700	80,900

*Hotel and other revenue are shown after deducting promotional allowances.
N/A—Not available.
[1]Excludes Atlantic City joint venture.
[2]Includes business interruption insurance recovery.

Table C reflects the gross operating profits of gaming operations in order to set them apart from overall corporate operating income. (See Table B.)

In this context, gross operating profit is operating profit after all operating costs but before interest costs and unallocated corporate expenses.

In general, information for this table has been obtained from "business segment" sections of annual reports of diversified corporations or by adding interest costs to the indicated operating profit of corporations that are solely casino/hotel corporations.

In 1981, casino revenue increased 17.1 percent for the companies included in this study (excluding Holiday Inns, for which information was not available) and was 70.5 percent of total casino/hotel revenue compared with 69.8 percent for 1980. Total casino/hotel revenue increased 22.2 percent. Gross operating profit for 1981 decreased to 17.3 percent from 18.1 percent in 1980.

(d)		(e)		(f)		(g)	
(c) as Percentage of (e)		**Total Casino/Hotel Revenue**		**Gross Operating Profit**		**(f) as Percentage of (e)**	
1981	1980	1981	1980	1981	1980	1981	1980
40.3	41.1	$ 88,587	$ 75,786	$ 8,560	$ 13,340	9.7	17.6
12.6	12.9	214,121	208,309	40,017	42,990	18.7	20.6
22.4	21.6	558,821	441,793	89,207	81,408	16.0	18.4
23.6	31.7	119,080	100,859	19,906	9,111	16.7	9.0
32.6	30.4	55,312	53,261	8,751	16,227	15.8	30.5
14.8	18.7	107,532	33,552	6,916	(12,695)	6.4	N/A
17.3	27.2	230,325	52,047	69,389	12,992	30.1	25.0
46.1	43.9	269,147[2]	251,622	79,126	79,983	29.4	31.8
N/A	N/A	388,148	201,141	56,291	24,111	14.5	12.0
62.6	47.5	232,566[2]	307,122	57,221	72,065	24.6	23.5
34.2	35.1	99,703	75,457	9,603	11,133	9.6	14.8
24.5	22.5	330,676	342,548	52,344	76,857	15.8	22.4
29.9	30.3	52,967	51,661	8,497	9,392	16.0	18.2
33.9	35.3	38,902	32,591	10,438	9,014	26.8	27.6
31.4	31.8	247,100	254,300	9,700	4,000	3.9	1.6

Casino revenue and promotional allowances

Complimentary rooms, food and beverages given to customers ("comps") are a long tradition in the casino/hotel industry. They generally are considered to be routine promotional costs.

The amounts shown for promotional allowances in Table D represent the retail value of these complimentary goods or services. The actual costs of such goods or services to the casino/hotel are considerably less.

Such allowances are subject to considerable scrutiny and comment by the financial community. However, as this table illustrates, these allowances are significant costs for casino/hotels.

Promotional allowances decreased to 12.4 percent of casino revenue in 1981, compared with 13 percent in 1980.

Table D
Promotional Allowances as a Percentage of Casino Revenue
($000 omitted)

	Casino Revenue		Promotional Allowances		As a Percentage of Casino Revenue	
	1981	1980	1981	1980	1981	1980
AITS, Inc.	$ 52,913	$ 44,652	$ 9,360	$ 6,792	17.7	15.2
Bally's Park Place, Inc.	187,231	181,489	13,890	15,161	7.4	8.4
Caesars World, Inc.	433,809	346,561	52,257	44,728	12.0	12.9
Dunes Hotels and Casinos Inc.	90,964	68,888	17,278	17,874	19.0	25.9
Elsinore Corporation	37,278	37,069	4,621	4,192	12.4	11.3
Greate Bay, Inc.	91,614	27,278	13,031	2,802	14.2	10.3
Golden Nugget, Inc.	190,502	37,904	22,347	4,804	11.7	12.7
Hilton Hotels Corp.	145,054	141,095	20,746	19,392	14.3	13.7
Holiday Inns, Inc.	N/A	N/A	N/A	N/A	N/A	N/A
MGM Grand Hotels, Inc.	86,873	161,161	12,144	23,347	14.0	14.5
Ramada Inns, Inc.	65,600	49,000	10,300	7,100	15.7	14.5
Resorts International, Inc.	249,723	265,630	24,094	26,082	9.6	9.8
Scott Corp.	37,136	36,019	4,853	4,422	13.1	12.3
Showboat, Inc.	25,729	21,078	1,061	805	4.1	3.8
Del E. Webb Corporation	169,400	173,400	24,300	29,800	14.3	17.2

N/A—Not available.

Gaming operating profits as a percentage of gaming assets

Table E reflects gaming gross operating profit as a return on gaming operations assets. In general, the amount of identifiable gaming operation assets was obtained from "business segment" sections of annual reports of diversified companies or as total assets for corporations that are solely casino/hotel corporations. (See page 17 for a definition of gaming gross operating profit.)

The dynamic changes from year-to-year by companies in the gaming industry are reflected in the diversity of the information contained in this table.

In 1981, gross operating profit decreased to 13.7 percent of identifiable gaming operating assets from 14.7 percent in 1980.

Table E
Gaming Gross Operating Profit as a Percentage of Identifiable Gaming Operation Assets
($000 omitted)

	Identifiable Gaming Operation Assets		Gaming Gross Operating Profit		As a Percentage of Assets	
	1981	1980	1981	1980	1981	1980
AITS, Inc.	$ 77,202	$ 72,269	$ 8,560	$13,340	11.1	18.5
Bally's Park Place, Inc.	309,338	336,398	40,017	42,990	12.9	12.8
Caesars World, Inc.	472,730	450,071	89,207	81,408	18.9	18.1
Dunes Hotels and Casinos Inc.	106,315	87,188	19,906	9,111	18.7	10.4
Elsinore Corporation[1]	100,996	91,881	8,751	16,227	8.7	17.7
Greate Bay, Inc.	88,989	75,236	6,916	(12,695)	7.8	*
Golden Nugget, Inc.	365,850	245,861	69,389	12,694	19.0	5.2
Hilton Hotels Corp.	289,863	233,711	79,126	79,983	27.3	34.2
Holiday Inns, Inc.	573,490	451,075	56,291	24,111	9.8	5.3
MGM Grand Hotels, Inc.	552,122	367,268	57,221	72,065	10.2	19.6
Ramada Inns, Inc.	398,591	167,247	9,603	11,133	2.4	6.7
Resorts International, Inc.	300,522	232,937	52,344	76,857	17.4	33.0
Scott Corp.	48,103	36,784	8,497	9,392	17.7	25.5
Showboat, Inc.	35,303	31,294	10,438	9,014	29.6	28.8
Del E. Webb Corporation[1]	121,700	180,500	9,700	4,000	8.0	2.2

*Not applicable; loss for the year.
[1]Excludes Atlantic City joint venture.

Corporate interest expense, depreciation and amortization

As is the case for all American business today, high interest costs have become a major cost of doing business. In many instances, high interest costs have caused managements to postpone plans for expansion or for new casino/hotels. Table F shows interest costs *net* of interest costs capitalized. Interest for 1981 is shown as a percentage of the same cost in 1980. Because of the high interest rates for nearly all of 1981, and in some cases the addition of new long-term debt during the year, most companies had increased interest costs. Total interest cost for 1981 was 131.2 percent of 1980's interest cost.

Depreciation and amortization for 1981 also is shown in relation to the 1980 costs. The continuing increase in this expense reflects the continued expansion of the companies in the casino gaming industry. Total depreciation expense for 1981 was 121.2 percent of that for 1980.

Table F
Corporate Interest Expense and Depreciation and Amortization – 1981 Compared With 1980
($000 omitted)

	Interest Expense			Depreciation and Amortization		
	1981	1980	1981 as a Percentage of 1980	1981	1980	1981 as a Percentage of 1980
AITS, Inc.	$ 8,906	$ 8,906	100.0	$ 4,509	$ 4,404	102.4
Bally's Park Place, Inc.	32,124	36,341	88.4	20,877	18,676	111.8
Caesars World, Inc.	41,102	31,046	132.4	34,039	22,189	153.4
Dunes Hotels and Casinos Inc.	9,681	7,312	132.4	5,177	4,726	109.5
Elsinore Corporation	6,326	7,175	88.2	2,760	2,123	130.0
Greate Bay, Inc.	13,267	3,268	406.0	4,773	1,816	263.0
Golden Nugget, Inc.	19,967	11,037	180.9	10,002	3,430	291.6
Hilton Hotels Corp.	10,955	8,572	127.8	29,603	26,493	111.7
Holiday Inns, Inc.	70,750	48,127	147.0	87,268	74,631	116.9
MGM Grand Hotels, Inc.	11,601	12,030	96.4	13,257	14,033	94.4
Ramada Inns, Inc.	36,658	34,274	107.0	24,121	20,996	114.9
Resorts International, Inc.	21,291	12,386	171.9	13,326	10,760	123.8
Scott Corp.	1,514	1,731	87.4	2,108	1,834	114.9
Showboat, Inc.	215	259	83.0	1,558	1,315	118.8
Del E. Webb Corporation	29,411	16,709	175.1	15,975	14,845	107.6

Total assets, shareholders' equity, return on shareholders' equity and debt to equity ratio

Table G provides yardsticks by which financial analysts and investors generally judge corporate performance.

The ratio of debt to equity and the amount of shareholders' equity as a percentage of total assets generally indicate to what extent management is depending on borrowed funds. Financial analysts usually consider a company with a high debt to equity ratio to be more volatile. This figure is calculated by dividing the long-term debt (including current maturities) at year-end by the ending shareholders' equity. For 1981, the ratio of shareholders' equity to total assets was 37.2 percent.

The 1981 return on shareholders' equity was computed by dividing the net income by the average of the shareholders' equity at the beginning and end of the year. Return on shareholders' equity for 1981 was 14.5 percent.

Table G
Total Corporate Assets, Shareholders' Equity, Return on Shareholders' Equity and Debt to Equity Ratio
($000 omitted)

	(a) Total Assets 1981	(b) Share-holders' Equity 1981	(c) (b) as a Percentage of (a)	(d) 1981 Return on Share-holders' Equity	(e) Debt to Equity Ratio
AITS, Inc.	$ 77,202	$ 452	.6	*	139.7
Bally's Park Place, Inc.	309,338	81,585	26.4	5.7	2.3
Caesars World, Inc.	576,484	183,444	31.8	26.0	1.3
Dunes Hotels and Casinos Inc.	149,618	30,707	20.5	18.0	2.3
Elsinore Corporation	126,232	41,254	32.7	*	1.7[1]
Greate Bay, Inc.	88,989	5,619	6.3	*	11.9
Golden Nugget, Inc.	365,850	112,334	30.7	32.7	1.8
Hilton Hotels Corp.	816,470	532,555	65.2	22.7	.2[1]
Holiday Inns, Inc.	1,815,365	772,377	42.5	18.6	.9
MGM Grand Hotels, Inc.	552,122	166,784	30.2	18.2	1.4
Ramada Inns, Inc.	863,472	164,110	19.0	*	3.4[1]
Resorts International, Inc.	478,720	211,250	44.1	6.0	.7
Scott Corp.	48,103	20,897	43.4	18.0	.7
Showboat, Inc.	35,303	28,924	81.9	21.4	.1
Del E. Webb Corporation	357,857	126,929	35.5	4.3	1.3[1]

*Not applicable; loss for the year.
[1]Excluding share of debt of joint ventures or other consolidated operating entities.

1981 Atlantic City Summary

The information in Table H (pages 26–27) for calendar year 1981 was obtained from the annual reports the casino/hotels filed with the New Jersey Casino Control Commission. These reports, which are public information, provide a far wider spectrum of financial information than anything published in Nevada.

Although these reports are filed on standardized reporting forms, there are still many differences in the way the individual casino/hotels classify certain expense items, particularly marketing, guest entertainment and other administrative and general expenses.

Having access to this financial information and being readily able to compare operating results has proved helpful to the managements of Atlantic City casino/hotels. Far from hurting individual operations by divulging "inside information," these detailed summaries help dispel the rumors, gossip and misinformation that previously circulated in the industry. We hope New Jersey casino/hotels will achieve greater uniformity in their classification of expenses so that comparison can be even more meaningful.

Nevada operators, traditionally reluctant to publish such detailed information, might well find it advantageous to emulate the New Jersey example.

Table H
1981 Atlantic City Summary
($000 omitted)

	Bally's Park Place		Caesars Boardwalk Regency		Claridge Hotel and Casino	
Date Opened	December 1979		July 1979		July 1981	
	$	%	$	%	$	%
Condensed Income Summary:						
Revenue						
Casino	$187,231	87.7	$192,937	88.3	$32,803	79.8
Hotel and Other	40,028	18.8	45,407	20.7	11,716	28.5
Promotional Allowances	(13,890)	(6.5)	(19,745)	(9.0)	(3,411)	(8.3)
Total	213,369	100.0	218,599	100.0	41,108	100.0
Costs and Expenses (Net)						
Total Exclusive of Items Shown Below	148,061	69.3	165,932	75.9	42,292	102.8
Interest	32,124	15.1	13,438	6.2	10,948	26.6
Depreciation and Amortization	20,877	9.8	13,567	6.2	4,092	10.0
Preopening Expenses						
Income Taxes	7,800	3.6	14,287	6.5		
Total	208,862	97.8	207,224	94.8	57,332	139.4
Net Income (Loss)	$ 4,507	2.2	$ 11,375	5.2	($16,224)	(39.4)
Supplementary Casino Information:						
Casino Square Footage	60,000		48,500		30,000	
Casino Revenue						
Table Games	$ 98,657	52.7	$127,878	66.3	$17,596	53.6
Slot Machines	88,574	47.3	65,059	33.7	15,207	46.4
Total	187,231	100.0	192,937	100.0	32,803	100.0
Casino Expenses						
Labor	34,582	18.5	39,679	20.6	8,979	27.4
Other	46,081	24.6	65,339	33.8	7,187	21.9
Total	80,663	43.1	105,018	54.4	16,166	49.3
Casino Departmental Income	$106,568	56.9	$ 87,919	45.6	$16,637	50.7
Approximate Average Monthly Casino Revenue per Square Foot	$260.00		$331.00		$200.00	
Approximate Average Monthly Casino Department Income per Square Foot	$148.00		$151.00		$102.00	

Golden Nugget		Harrah's Marina		Playboy Hotel and Casino		Resorts International Hotel Casino		Sands Hotel/Casino		Tropicana	
December 1980		November 1980		April 1981		May 1978		August 1980		November 1981	
$	%	$	%	$	%	$	%	$	%	$	%
$156,887	85.6	$141,518	84.4	$ 93,557	81.7	$189,797	84.0	$ 91,614	86.0	$10,874	90.0
43,931	24.0	39,119	23.3	31,211	27.2	60,530	26.8	28,949	27.1	2,573	21.3
(17,616)	(9.6)	(12,848)	(7.7)	(10,245)	(8.9)	(24,463)	(10.8)	(13,981)	(13.1)	(1,365)	(11.3)
183,202	100.0	167,789	100.0	114,523	100.0	225,864	100.0	106,582	100.0	12,082	100.0
133,274	72.7	131,953	78.7	106,642	93.1	174,548	77.3	94,448	88.7	13,190	109.2
13,078	7.1	24,048	14.3	10,424	9.1			13,267	12.4	1,758	14.5
6,331	3.5	10,448	6.2	5,141	4.5	10,832	4.8	4,773	4.5	860	7.1
				17,870	15.6					25,834	213.9
11,882	6.5					19,900	8.8			(2,991)	(24.8)
164,565	89.8	166,449	99.2	140,077	122.3	205,280	90.9	112,488	105.6	38,651	319.9
$ 18,637	10.2	$ 1,340	.8	$(25,554)	(22.3)	$ 20,584	9.1	$ (5,906)	(5.6)	$(26,569)	(219.9)
41,000		44,000		52,000		60,000		32,000		46,000	
$ 91,681	58.4	$ 69,464	49.1	$ 58,388	62.4	$104,108	54.9	$ 56,933	62.1	$ 6,836	62.9
65,206	41.6	72,054	50.9	35,169	37.6	85,689	45.1	34,681	37.9	4,038	37.1
156,887	100.0	141,518	100.0	93,557	100.0	189,797	100.0	91,614	100.0	10,874	100.0
30,142	19.2	29,477	20.8	23,908	25.6	34,753	18.3	21,804	23.8	3,149	29.0
46,131	29.4	40,245	28.5	36,419	38.9	59,295	31.3	33,113	36.1	2,151	19.7
76,273	48.6	69,722	49.3	60,327	64.5	94,048	49.6	54,917	59.9	5,300	48.7
$ 80,614	51.4	$ 71,796	50.7	$ 33,230	35.5	$ 95,749	50.4	$ 36,697	40.1	$ 5,574	51.3
$319.00		$268.00		$226.00		$264.00		$239.00		$180.00	
$164.00		$136.00		$81.00		$133.00		$96.00		$92.00	

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